

Financial Services Program Guide

Apple Financial Services gives business customers flexible payment options that can help them organize their purchasing, manage budgets, or simply comply with purchasing policies.

Overview

This guide will explain these financial services and gives examples of why our customers may want to use them. The focus of the guide is Terms Accounts and Leasing programs available with Apple Retail Business. Financing technology is common in the business world, and it’s important that we acknowledge these needs by sharing these solutions with our customers.

Table of Contents

Why Apple Financing?	2	Contacts	14
What are Terms accounts?	3	Glossary	15
Qualify Your Customer	4	Other Resources	16
Probing Questions for Terms Accounts	5		
Setting Expectations	6		
What is Leasing?	7		
Lease Types	8		
End of Lease Term Options	9		
Qualify Your Customer	10		
Probing Questions for Leasing	11		
Setting Expectations	12		
Lease Quote Tool	13		

Why Apple Financing?

Apple Financial Services offers flexible payment options to our customers. This guide will explain two different financial services: Terms and Leasing. These options can make Apple technology more affordable and help customers purchase solutions within their technology budgets.

Inform customers of these options early in the relationship because these purchase options can transform the solution by maximizing their budgets.

The programs explained in this guide are offered to companies with commercial credit history. For newly established companies, consider presenting solutions such as:

- Financing programs like Barclaycard or iPhone Upgrade Program
- Recycling programs for iOS devices and Macs
- Other payment options (Cash, Business Check, Credit Card, Wire Transfer) seen in *Business Tender Options* or *Accepted Forms of Payment Matrix* in RetailMe

What are Terms accounts?

A terms account allows qualified businesses to purchase Apple equipment and services on a line of credit established with Apple. Much like a credit card, customers accounts are given a credit limit. They can use purchase orders (POs) to purchase when there is available credit on their account.

Key features:

- Apple Terms accounts are usually due within 30 days after the transaction, considered “Net 30 terms”.
- Customers will be invoiced (billed) for each transaction
- Customers may use Purchase Orders as payment instead of credit cards
- Credit limits are determined based on the business’ commercial credit history

Purchase Order:

A Purchase Order (PO) is a legal document that is a contract between the buyer and a vendor. The customer uses a quote to include pricing and expectations for services. The PO authorizes Apple to deliver product or perform repairs in exchange for a specified amount to be paid, typically within 30 days.

Why Terms account?

Customers have many reasons to establish a Terms account. They may want to:

- Streamline their purchasing process
- Avoid credit card spending limits that can arise
- Avoid the inconvenience of reimbursing employee credit cards
- Enable employees to pay without access to a company credit card
- Have a company policy to purchase only with POs
- Pay after the transaction, typically up to 30 days, instead of during the transaction
- Own the equipment outright at the time of purchase
- Develop their commercial credit

Qualify Your Customer

Terms accounts should be reserved for customers with active relationships or new customers planning to purchase often with Apple. Probe and listen to determine whether a terms account is the right solution.

Companies that have an accounting department, credit with other vendors, or a preference to use purchase orders may be good candidates to apply for terms with Apple.

Requirements

Customers must meet these requirements to qualify for a terms account:

- Be a registered legal entity or company (individuals cannot apply)
- Have been in business a minimum of two years
- Have a Dun and Bradstreet (D-U-N-S) number (preferred). This will provide data on the applicant's commercial credit history.
- Be able to provide financial statements (when requesting a credit line greater than \$100,000, or when Dun and Bradstreet does not have enough information to report).
- Have an authorized representative (owner, president, VP, C- or D- level executive) that can commit to Apple's terms and conditions
- Make payment by: Bank wire transfer, Automated Clearing House (ACH) bank transfer, or business check
- Can provide POs for purchases
- Be applying in the country in which they intend to purchase

Once the initial requirements have been discussed and understood by the customer, review the *Financial Services Process Guide* to begin the application process.

Note - Fulfilling the requirements above are preliminary qualifications before applying for credit.

Probing Questions for Terms Accounts

Use the following questions to help uncover needs for a terms account.

Does your company prefer to pay with purchase orders?

Some companies have policies or preferences to pay with POs. This is a good first question to ask

Does your company ever encounter credit card spending limits when paying for equipment or repairs at Apple?

Purchasers may have spending limits on credit cards. These limits create delays in getting product to the customer. With terms, they can leverage this other payment option.

Do all purchasers have access to company payment options? Are employees using personal credit cards and requesting reimbursements?

Sometimes purchasers or employees being sent to a Store for a pick-up do not have the means to pay. Most employees and companies prefer to avoid expense reimbursements. These issues are eliminated with a terms account.

Setting Expectations

Before you start the application, review these key details with your customer to help set expectations and ensure a great customer experience when applying for and paying with a Terms Account.

- The application process can take approximately 5 to 7 business days
- Tax exempt customers will need to have tax-exemption documentation on hand for the application process
- Purchase orders are required for transactions using Terms accounts
- Apple has a specific set of requirements to accept a purchase order (see this in Financial Services Process Guide)
- Purchase order submitted for an in-store purchase requires approval from Retail SSO and requires 1 business day for approval

What is Leasing?

Leasing allows our customers to pay for the product in monthly payments over a specified time period, such as 24 months.

When customers lease, they have the option to:

- Purchase the equipment at the end of the lease term for the current market value
- Extend their existing lease
- Return the product and enter a new lease for refreshed products. Accessories and services like Joint Venture and AppleCare are also eligible to add on to the lease.

Inform customers of these options early in the relationship. Leasing helps customers evaluate their purchase strategy from a new perspective.

Why Leasing?

- Predictable control of technology expenses through regular monthly payments
- Create a predictable refresh plan which helps maximize efficiency and productivity
- Potential for favorable tax implications
- Customers take advantage of more equipment upfront than if they pay in full
- Avoids a significant one-time IT expense by spreading payments out over time; this gives businesses flexibility to use cash to invest in other parts of their business
- Can take advantage of promotional savings from AFS
- Need a strategy for disposal and replacement of old devices
- Conserve cash for business expenses that can't be financed

Lease Types

There are two primary types of lease options offered by Apple Financial Services:

Fair Market Value Lease (FMV)

This lease type has lower monthly payments than the \$1 Buyout lease, but the buyout price at the end of the term will be determined by the “Fair Market Value,” or the going rate of similar devices in the marketplace. When a Fair Market Value lease term ends, most customers will return the equipment and start a new lease. The FMV option is best for companies that want to replace their devices on a predictable schedule.

\$1 Buyout

This lease type will have higher monthly payments than an FMV lease, but the buyout price at the end of the term only \$1. Customers will buyout the equipment at the end of the lease term and gain full ownership of the leased devices. The \$1 Buyout option is best for companies that will likely want to own their devices at the end of the lease term.

Third-Party Leasing

Customers may choose to lease with a third-party provider. Terms and rates are decided between the customer and the third-party lease provider. The third-party lessor must agree to the Apple US Terms and Conditions of Sale found in RetailMe. This single-use purchase agreement must be signed by the third-party lessor for each new lease transaction.

End of Lease Term Options

There could be a few options at the end of a lease term based on the type of lease a customer selects.

\$1 Buyout lease customers will always purchase the equipment outright, but FMV customers may choose a different option depending on their situation. Most FMV customers will plan to return the equipment at the end of lease term and they may start a new lease to keep employees equipped with the latest technology.

Return the Equipment (FMV)

Customers may choose to return the equipment without starting a new lease. Customers will package the equipment and return it to a warehouse location provided by AFS.

Extend their Lease (FMV)

Customers have the option to extend their current lease for up to 12 months at which time the monthly payments will be adjusted (lowered).

Return the Equipment and Start a New Lease (FMV)

Customers often choose to keep their technology up to date by returning their equipment at the end of the term and starting a new lease. This option is our greatest opportunity to position the most recent improvements to the Apple ecosystem for business.

Purchase Equipment Outright (FMV and \$1 Buyout)

Customers may choose to purchase their leased equipment outright at Fair Market Value (FMV) or for \$1 (Dollar Buyout), depending on the lease type selected at signing.

Qualify Your Customer

Ensure customers meet the minimum requirements and understand they will undergo a credit review in order to qualify for a lease.

Requirements

To qualify for a lease with Apple Financial Services, customers must meet these requirements:

- A registered legal entity or company (individuals cannot apply)
- In business a minimum of 6 months
- Authorized representative (owner, president, VP, Chief- or Director-level executive) can commit to AFS terms and conditions

If the organization has been in business less than 2 years:

- AFS may request additional financial statements
- A Personal Guarantor, someone qualified to accept personal financial responsibility, may be required.
- The rates may be different and/or advanced payments may be required; check with the appropriate lender

Note - Fulfilling the requirements above are preliminary qualifications before applying for leasing.

Once the initial requirements have been discussed and understood by the customer, proceed to the *Financial Services Process Guide* to begin the application process.

Probing Questions for Leasing

How often does your company replace old devices? Are there any particular teams (e.g., marketing, management, engineering) on a frequent two or three year schedule?

The customer will consider costs involved in buying new equipment. This is often a large, one-time payment, instead of a predictable monthly expense.

What do you do with computers that are too old for service? Do you give them to other employees? Keep them on hand? Donate them?

The customer will think about their “end of life” strategy. This may expose cost inefficiencies that leasing could remedy, especially if the company simply gives equipment away.

If your engineering team is replacing equipment every 2 years, have you thought about leasing the devices to manage their refresh cycle?

If you have uncovered the need for a regular refresh cycle, then state the reason for your recommendation and probe for interest in leasing.

Setting Expectations

Before completing an application, make sure to review the order timeline and lease application process with your customer to set the right expectations and ensure a smooth customer experience. Customers will need an Apple Customer Account (either a Prepaid Sold To or Terms Account). Typically, a Prepaid Sold To is used for leases.

- The application process may take approximately 3 to 5 business days
- There are additional processes after approval (submit final quote to lender, generate lease documents, customer sign, generate purchase order, transact). Processing times for steps that are completed by the customer are less predictable as they require the customer's attention.
- If the application is approved, the customer will receive documents electronically from AFS to sign and agree to AFS Terms & Conditions

Lease Quote Tool

Before applying for a lease, customers will likely want an estimate of their monthly, annual, or total lease payments. Use Lease Quote (www.afsleasequote.com) with customers and determine their ideal leasing solution. Email proposed quotes directly to the customer from the Lease Quote tool for further consideration.

You may position leasing with new or established customers and the conversations may be different. This tool can be used in real-time with a customer in a Briefing or over the phone.

Best Practices:

- Talk to the customer about their needs to estimate the cost of the products and services before using Lease Quote. Create a quote to support this step if needed
- Companies that spend \$10,000 or more in short time periods (within 30-60 days) should be strategically presented with a lease quote
- Conversations about hiring, purchase forecasts, and purchase history can help you estimate monthly or quarterly needs for the Lease quote.

Proceed to the *Financial Services Process Guide* to begin the application process.

Contacts

Retail SSO

Please e-mail retail_sso@apple.com with customer account changes or inquiries on existing accounts.

Wells Fargo Contacts

appledirect@applefin.com

Wells Fargo Transaction Team 800-216-4384 Option 1

Wells Fargo Sales Team

Commercial Leader - Heather Huffman

Office 469-586-3456 / iPhone 312-282-3018

Brian Taylor / Office 203-956-4733 / iPhone 248-431-3078

Will Whitaker / iPhone 415-361-8975

Ali Saeed / iPhone 646-708-4802

Nitesh Kalwar / Office 469-586-2017 / iPhone 214-202-6720

GE Purchase Order Team

Group Leader – Paul Schmolling

Darlene Radziewicz 469-586-2101

Debbie Hirsch 469-586-2157

Sherry Kirby 469-586-2039

Milly Mugo 469-586-2015

End of Term Team

Tracey Daley - Companies starting with A through G

tracey.daley@applefin.com

Office 508-865-3093

Joanne Shpunt - Companies starting with H through Z

joanne.shpunt@applefin.com

Office 203-205-2159

Direct Capital (DCC) Contacts

For questions regarding anything sales related or prior to the customer receiving their documentation:

email: appleteam@directcapital.com

Phone: (877) 384-3439

If it is regarding questions post the customer sending in their documents or if it is a credit or funding question, please email applefunding@directcapital.com.

Glossary

Advanced Lease Payment - First and last payment; the total number of payments is reduced by the advanced payments.

Apple Direct Customer Agreement - Apple's Terms & Conditions that must be accepted in order to move forward with a Terms account.

Commencement Date - The date in which the equipment is delivered to the lessee.

Conditional Approval - Occurs when the customer meets the requirements for approval, subject to some additional requirements being satisfied.

Dollar Buyout - A lease agreement with the option to purchase at end of term. The strategy for Lessee's entering into this agreement is end of term ownership.

End of Lease Options - The different options customers have at the end of their lease.

Fair Market Value Lease - A lease agreement with an option to purchase, return, or continue lease at end of term. Lessee's strategy is usage rather than ownership.

Lease - A contract by which one party conveys land, property, services, etc., to another for a specified time, usually in return for a periodic payment.

Lessee - A person who holds the lease of a property; a tenant.

Lessor - The owner of the equipment to whom the lease payments are made.

Master Lease - One credit approved lease, for several pieces of equipment purchased at different times during the lease.

Residual Value - The remaining (market) value of the equipment at the end of the lease term.

Personal Guarantor - A legal obligation that makes one liable for a party's debts, in the event of the borrower's default or failure to meet their payment obligations.

Purchase Order (PO) - A buyer-generated document that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties.

Sold To - Customer's unique numeric identifier sometimes referred to as Customer Account Number or SAP Number.

Other Resources

Financial Services Process Guide

Email Template for Terms Applications

Email Template for Lease Applications

Retail Business PO Approval Email Template

AFS Lease Processing Guide

Online Self Service Financing Guide

iPhone Lease Offer

<http://www.apple.com/financing/#business>